

Office Memorandum • UNITED STATES GOVERNMENT

TO : Director, FBI

FROM : SAC, Los Angeles

SUBJECT: FOUNDRY ASSOCIATES, INC.
NEUTRALITY ACT
FRAUD AGAINST THE GOVERNMENT
CONSPIRACYDeclassified
Authority: 35942 By:
Britney Crawford Date:
04-08-2014

DATE: December 2, 1948

SECRET

Mr. W. DUVOISIN, officer in charge of the Zone Intelligence Office, Eleventh Naval District, 626 South Spring Street, Los Angeles, California furnished this office with intelligence reports containing information relative to the above-captioned case. The three reports bear the dates November 2, 9, and 10, 1948. (S)

DUVOISIN has advised that the source of the information in all three reports was WILFORD E. DEMING whose identity is described in letter to SAC R. B. HOOD dated November 10, 1948, also herewith enclosed. (S)

ENCLOSURES TO THE BUREAU:

Intelligence reports dated November 2, 9, and 10, 1948
Zone Intelligence Office letter dated November 10, 1948 (S)

BMPmt
2-86cc: New York (Encl)
Newark (Encl)

ENCLOSURE ATTACHED

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
EXCEPT WHERE SHOWN
OTHERWISE

RECORDED - 64

INDEXED - 64

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DATE: 12-10-2004

CLASSIFIED BY: 60267 UC/NLS/BJA/comm

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SECRET

G.L.R.-2

RECORDED COPY FILED IN
97-2101-17

Assistant Attorney General Alexander M. Campbell
Criminal Division
Director, FBI

December 22, 1948

FOUNDRY ASSOCIATES, INC.
NEUTRALITY ACT
Bureau File 2-875

SECRET

RECORDED - 7221

Reference is made to my previous memoranda to you in the above-captioned matter.

There are enclosed for your information two photostatic copies of intelligence reports received from the Office of Naval Intelligence dated as follows: November 2, 1948, November 9, 1948, November 10, 1948, November 16, 1948, and Zone Intelligence Office report dated November 10, 1948. You will observe that these reports relate to the activities of various individuals involved in the above-captioned matter. The data in these reports likewise concerns the investigation captioned "Palestine Situation, Recruitment Program, Neutrality Act, Registration Act". Accordingly, there are two additional photostatic copies of each report enclosed for your file regarding that matter. (5)

Enclosures

12282
CLASSIFIED
DATE OF REVIEW
SP6
DIA/Lpt
DADR
09-56, too high

RWC:jmf

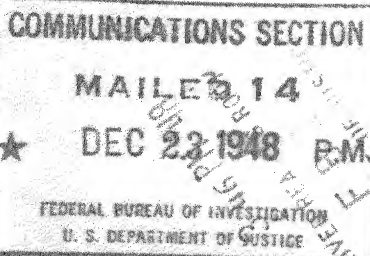
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Tolson
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Rosen
Tracy
Egan
Gurnea
Harbo
Mohr
Pennington
Quinn Tamm
Nease
Gandy

DIA-124

San Diego

2 November 48

See below.

Confidential Informant.

b-2

SUBJECT - Activities of, with Particular Reference to the Recruiting of U.S. Naval Reserve Personnel.

References: (a) LHM 941-96 rpt #106-48, dtd 4 Oct 1948, subj: SUBJECT - Local Activities of, with Particular Reference to the Recruiting of U.S. Marine Corps Tank Personnel.
(b) LHM 941-96 rpt #75-48, dtd 25 Aug 1948, subj: Service Airway Company - Operations in Czechoslovakia.

NOTE: Source was first offered a position of Colonel in the Israeli Air Force, and now there is pending an offer for source to head "Naval Communications" for the Israeli government at a salary of \$10,000.00 per year. This report indicates that the Israel Hagannah Headquarters insist on seeing Naval Reserve officers' records and papers, and that one Fred SAGE (said to be a Lieutenant, USN, retired) is active in recruiting other Naval Reserve personnel. Some details are also given concerning financial transactions between Canada and the U.S. by Israeli representatives.

Note: This information is as of 29 October 1948.

SOURCE: A U. S. Naval Reserve Officer, who had many important aviation commands in World War II, and is a specialist in naval communications. He is believed to be reliable, discreet, loyal.

SUBJECT - Activities of, with Particular Reference to the Recruiting of U.S. Naval Reserve Personnel.

Source was first contacted by letter in about June 1948, by one Ethel BROTHMAN of New York City (14th Street Hotel), who asked source if he would be interested in helping the Jewish Cause in Israel. Ethel BROTHMAN is a long time friend of source, who first knew her when she was an RCA civil service pay-officer in Toronto, Canada. She has also, in years past, been source's representative in Canada, on personal and business matters. Correspondence with Miss BROTHMAN indicated that she is now in New York, working for the Israel Headquarters there.

NOTE: Source explains that he has the highest regard and personal friendship for Miss BROTHMAN and desires that the below information not be used in any manner to embarrass her. It is believed advisable, also, to point out that while source's name is not given in this report, it would be relatively simple for anyone familiar with subject matter to positively identify source through

OR(Original & Master Data); 202-1180; C12-14; P42-14.

(This report contains no other data)

[illegible][illegible]

the following: (1) the "basic" level category, or category's members are
the most "basic" or "fundamental" in the domain; (2) the "derived" level category, or category's members are derived from the basic level category; and (3) the "superordinate" level category, or category's members are superordinate to the basic level category.

about this time (July 1948) source wrote to the Chief of the Bureau of Aeronautics, explaining the offer made by source, with the Israeli Air Force, asking for advice concerning his status in the Naval Reserves should he accept such a position. To date (J. Boardman) source has not received an answer.

On 27 June 1948, source was advised from New York to get in touch with one Fred EISE of 404, Alcott Street, Los Angeles (Phone: Crenshaw 10157) to discuss an important command. On 28 June, Fred EISE phoned source, and source subsequently personally called on EISE. Conversation developed that Fred EISE is a Lieutenant (jg), WMAA (Retired); and that his "Big Boss" is a Mr. GUMBAU. On 29 June, source received a telephone call from Mr. GUMBAU, asking source if he would be interested in a job with the Internal Forces at \$500.00 per month. Source advised he is not interested in anything with so low a salary.

On 21 October 1943, source received a telephone call from New York, and again another call on 24 October. In this second call asked if he would head Naval Communications for Israel.

On 27 October, source received a call from Mr. BERNARD, asking source to visit him at 139 S. Beverly Drive, Beverly Hills, Calif. (Penhouse office, phone, Bradburn 29622), concerning matters discussed with him by the New York office.

Source then called on Mr. GILMAN (25 October). Source recognized Mr. GILMAN as being one Herman FLEMING (Harvard Lowell FLEMING) formerly a motion picture producer, as well. GILMAN explained that he was in complete charge of recruiting operations for the Farwell forces in this area (western and some Southern California). He also said that he took this work over several months ago, on a part-time basis, but that he now finds himself devoting all his time to the work.

Source had been offered the following salary by the New York Office: \$15,000.00 per year, plus a bonus (the details of which were not discussed), subsistence while abroad, and \$15,000.00 insurance paid for by the Israeli government. Source had also been told by the New York Office that when he saw FINKMAN he should insist that he be sent to the New York Headquarters for final determination of salary, duties, etc. In discussing the above matters with FINKMAN, source found FINKMAN reluctant on the salary. FINKMAN told source the above was more money than had been offered to anyone in the Israeli service. FINKMAN also explained that he was in full charge of recruitment in this area, with full authority, and was as necessary of coming source to New York for any preliminary interviews.

Source's Navy separation card No. 141, entire file of orders while Salazar in the U.S. Navy (which included orders on leaving three years), and the following: Source's Navy record made approximately 1946-47 and the file pertaining to his activities as training officer at the Naval Air Station, Terminal Island, and certain other papers, such as a letter to the Naval Air Station (radio installation) and a letter to the Naval Air Station, Terminal Island (radio installation). Source's records regarding his service in the U.S. Navy (which included his record as a training officer at the Naval Air Station, Terminal Island, and his record as a training officer at the Naval Air Station, Terminal Island) and his record as a training officer at the Naval Air Station, Terminal Island.

SECRET

WFO-1100 Serial

2 November 1945

Subject: RABBIT - activities of, with particular reference to the
recruiting of U.S. Naval Reserve Personnel.

Note: This information is as of 27 October 1945.

Source then contacted FINHAM again on 20 October. He found that FINHAM's organization has several offices at 139 S. Beverly Drive, Beverly Hills. One of the offices in Suite 2112 is operated under the name of RABBIT CORPORATION. The following names also appear on the Harry Sydney FINHAM, Attorney: Philip WASH; William SPYER; William BARNETT; Harry MULLER.

Source was interviewed at great length by FINHAM. Source is of the opinion that he will be recommended for the position of head of Naval Communications for the Israeli Forces. It is believed of interest that source was questioned carefully concerning his knowledge of radar. He was also given to understand that FINHAM's organization has a radio transmitter for transmission of secret messages in the Hollywood Hills. Source was told that they recently had difficulty with their transmitter and had to use other means of conveying their secret message.

Details concerning transfer of funds between U.S. and Canada

On 17 October source received a phone call from Alvin GOODMAN at Israeli Headquarters in New York (14th Street Hotel), in which source was asked to deliver in New York, from Canadian Treasury to U.S. Treasury, the equivalent of \$20,000 to \$75,000 in U.S. funds.

Source was described by source as a gambler-finance, reportedly worth \$1 to \$1 million dollars, and believed to be "wanted" for income tax evasion, was said to be the Canadian in the transaction. The confidential phone number of the Toronto Headquarters was given as Kingsdale 4473.

GOODMAN was said to have offered a premium of 8% for U.S. currency.

A U.S. draft was to be sent to source, payable to source's representative in Los Angeles (source believes this representative is the Los Angeles representative, but is not certain of this name). The entire transaction was to be handled by means of a synchronized telephone call from Toronto, where GOODMAN was to deliver the Canadian funds simultaneously with delivery of the dollar draft to his representative in Los Angeles.

To date, source has not heard further concerning this transaction. On asking FINHAM concerning it source was told it was a matter concerning which he (FINHAM) had no knowledge or responsibility.

Note: It is realized that the explanation of the above transaction is not at all clear and is confused. A confidential, reliable informant, familiar with transfers of funds from one country to another, explains that the "premium" mentioned indicates a willingness on the part of the Canadian to accept the unofficial exchange rate for Canadian drafts on Los Angeles — 75-1/4 cents per Canadian Dollar as compared to the official rate of 70-1/4 cents per Canadian Dollar. This informant also states that for a transfer of funds from Canada to this country of a sizeable amount the Canadian Exchange Control Board has to issue a permit. If such a permit were secured, there would be no need to go through intermediaries. Further, this informant believes that the use of a synchronized telephone call indicates an attempt to circumvent Canadian Exchange Control regulations, so that the transaction be kept in secret.

Transmission by United States registered mail or registered guard mail is authorized in accordance with Article 7-5, United States Navy Security Manual for Classified Matter.

Y. J. MULLER,
District Intelligence Officer,
Eleventh Naval District
2001 Broadway

1-1-41

1-1-41

San Diego, Calif.

8 November 40

CONFIDENTIAL INFORMATION

2-1

REMARKS on activities of, with particular reference to the recruiting of U.S. Naval Reserve personnel.

THIS INFORMATION IS AS OF 8 NOVEMBER 1940

Reference: (a) 100-1180 HUGGETT WRI-40 Report, dated 2 November 1940, Serial 28-9-40; sub: HUGGETT - local activities of, with particular reference to the recruiting of U.S. Naval Reserve personnel.

A U.S. Naval Reserve Officer who had many important aviation commands in World War I, and is a specialist in Naval communications. He is believed to be reliable, discreet, loyal.

REMARKS:

Source of reference report called this office on 8 November 1940 to report the following additional information:

FITZGERALD contacted Source 1 November 1940, and reported that the New York headquarters advised that they were with Source in New York concerning the Naval Reserve, but that they cannot now offer the salary of \$40,000 plus bonus. At present, he says, had originally offered; that a recent campaign in the United States amount of promising an anticipated \$50 million dollars (50%), had brought in only 100 million dollars. FITZGERALD asked Source to cooperate, and take the job at a lesser salary. Source stated his difficulty was in a position which was impossible for him to take the position at any lesser salary, at which FITZGERALD suggested that Source should come directly with the Canadian headquarters, which had originally an highly compensated position and get them to understand Source's salary.

Source now states that he has no intention of taking the job if it necessitates his resigning from the U.S. Naval Reserve, but volunteered to remain in contact with FITZGERALD, New York, and the Canadian office, for purposes of getting what additional information he can concerning the activities of the Naval Reserve and its agents in this country.

Concerning the "radio transmitter for transmission of secret messages in the Hollywood Hills", Source added that he questioned FITZGERALD concerning the frequency used by this transmitter, but that FITZGERALD did not know.

CONFIDENTIAL & HUGGETT (100-1180) WRI-40; FBI-40.

1-1-41

SECRET

Copy No. 1 of 2 copies.
Date No. 1 of 1 copies.

Serial 154-40

8 November 1962.

Subject: Suspect activities of, with particular reference to the recruiting of U.S. Naval Reserve personnel.

THE FOLLOWING IS A SUMMARY OF THE INFORMATION RECEIVED

Source stated he knew nothing more than this, except that it is a portable transmitter. Source added that this much information could be valuable to FBI, that it is like telling FBI that there is a Communist in San Pedro. Source suggests waiting until more specific information is obtained. In the event source does find out more concerning this transmitter he will advise this office. Source adds that it is entirely possible that he will be asked to assist in putting this transmitter into good operating condition.

According to source, Edward L. LINDA is the head of FUC in Los Angeles; LINDA is a priest, and a good friend of his. This office should have no difficulty in contacting LINDA concerning this transmitter, according to source, if and/or when enough information is developed to be of use as a lead to FUC. Concerning this transmitter would be "safe" in source's opinion, even though source had given LINDA as a reference to FUC, and LINDA called LINDA concerning source's qualifications.

Transmission by United States Registered mail or registered express mail is authorized in accordance with Article 1-6, United States Navy Security Manual for Classified Matter.

J. W. SMITH,
District Intelligence Officer,
Alameda Naval District.

DIO-11ND

San Diego

10 November 48

See below

Confidential Informant

B-2

HAGANAH - Activities of, with particular reference to financing of Israel war and recruiting of U.S. military personnel.

- Reference: (a) 11ND HWI-96 rpt #106-48, dtd 4 Oct 1948, subj: HAGANAH - Local Activities of, with Particular Reference to the Recruiting of U.S. Marine Corps Tank Personnel.
- (b) 11ND HWI-96 rpt #95-48, dtd 25 Aug 1948, subj: Service Airways Company - Operations in Czechoslovakia.
- (c) 11ND HWI-96 rpt #53-48 (Secret), dtd 2 Nov 1948, subj: HAGANAH - Activities of, with Particular Reference to Recruiting of U.S. Naval Reserve Personnel.

Note: This information is as of 10 November 1948

SOURCE: A U. S. Naval Reserve Officer, who had many important aviation commands in World War II. He is believed to be reliable.

SUBJECT: HAGANAH - Activities of, with particular reference to financing of Israel war, and recruiting of U. S. Military Personnel:

Recent conversations with Bernard M. FINMAN of 139 S. Beverly Drive, Beverly Hills, California, who heads the recruiting activities of military personnel for Israel in the Southern California area, developed the following information:

A recent fund raising campaign in the United States to give Israel financial assistance, instead of producing an anticipated 250 million dollars (US), brought in only 150 million dollars.

The New York headquarters paid in one advance installment the sum of fifty million dollars to accounts in Czechoslovakia for the Messerschmitt airplanes, munitions, and services sold to Israel.

Commenting on a recent United Press release that American pilots deserting from the Israeli Air Force revealed that American aviators in the service of Israel are flying against arab objectives from Czechoslovakian territory, and that Israel is obtaining Messerschmitt airplanes and arms from Russian factories, FINMAN stated that the Russians have never been anti-semitic and the Jews of the world are very grateful to the Russians for their friendly cooperation.

CHI(Original & Master 1110); DIO-11ND; FBI-L4; CIA-L4

SECRET

Copy 3 of 5 copies

DIO-11ND Serial

10 November 1948

Subject: MACANAH - Activities of, with particular reference to financing of Israel war and recruiting of U.S. military personnel.

Note: This information is as of 10 November 1948

VINMAN made several references to "DAFNI" as heading the highest Israel command on the U.S. west coast. Note: "Major" Benven DAFNI, 208 W. 8th Street, Los Angeles, is the recently appointed Consul of Israel at Los Angeles.

VINMAN stated he received instructions very recently to greatly step up the recruiting of American Army and Navy officers. The following are in great demand by Israel, and VINMAN is to procure them in increasing numbers: Army officers of all ranks, "preferably officers who have done things", have a good record in combat. It is preferable that these officers be Jewish, but since there is an insufficient number of American Jewish Officers, the stepped-up procurement program will have to include non-Jewish officers who are willing to fight for the salary involved. Navy officers are also desired, capable of commanding ships of the class of Corvettes.

Transmission by United States registered mail or registered guard mail is authorized in accordance with article 7-5, United States Navy Security Manual for Classified Matter.

E. J. SHAW
District Intelligence Officer
Eleventh Naval District

AS-2
ND11-32B-D3-el/fo
Serial 0024/32B

ZONE INTELLIGENCE OFFICE
ELEVENTH NAVAL DISTRICT
FIFTH FLOOR
926 SOUTH SPRING STREET
LOS ANGELES (14) CALIFORNIA



SECRET

10 November 1948

Mr. R. E. Hood, Special Agent in Charge
Federal Bureau of Investigation
Room 900, Security Building
510 South Spring Street
Los Angeles 13, California

Dear Mr. Hood:

Enclosed is an Intelligence report believed of possible interest to your office. It relates to a file carried under "FOUNDRY ASSOCIATES", and is a follow-up of a report we sent your office under date of 2 November 1948 entitled HAGANAH - activities of, with particular reference to the recruiting of U. S. Naval Reserve Personnel.

The source of both of these reports is Wilford E. DEMING, Lt. Comdr., USNR (inactive status), of 1404 Magnolia Avenue, Los Angeles, who is believed to be reliable. Should your office desire to interview Mr. DEMING it is believed advisable that the Agent designated to interview him first contact this office for additional details concerning source.

Very truly yours,

W. Duvoisin
W. DUVOISIN
Officer in Charge

Enclosure

Transmission by United States registered mail or registered guard mail is authorized in accordance with Article 7-5 United States Navy Security Manual for Classified Matter.

UNCLASSIFIED BY 60322 UC/LP/STP/ABW/DAW/MLA/11-14-01